

***SULLIVAN COUNTY FUNDING CORPORATION***

***FINANCIAL STATEMENTS***

***DECEMBER 31, 2023***

SULLIVAN COUNTY FUNDING CORPORATION  
DECEMBER 31, 2023

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## INDEPENDENT AUDITORS' REPORT

To the Board of the Sullivan County  
Funding Corporation  
Monticello, NY 12701

### **Opinions**

We have audited the accompanying financial statements of the Sullivan County Funding Corporation, a component unit of the County of Sullivan, New York, as of and for the years ended December 31, 2023 and 2022, and the related the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sullivan County Funding Corporation as of December 31, 2023 and 2022, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Sullivan County Funding Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sullivan County Funding Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sullivan County Funding Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sullivan County Funding Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is

required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2024, on our consideration of the Sullivan County Funding Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sullivan County Funding Corporation's internal control over financial reporting and compliance.

*Cooper Arias, LLP*

Mongaup Valley, New York  
March 4, 2024

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2023

This section of the Sullivan County Funding Corporation’s annual financial report presents our discussion and analysis of the Corporation’s financial performance during the fiscal year ended on December 31, 2023. Please read it in conjunction with the Corporation’s financial statements and accompanying notes.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of two parts: Management’s Discussion and Analysis (this section) and the basic financial statements. The Corporation’s statements follow the accrual basis of accounting and are presented in a manner similar to a private business.

FINANCIAL ANALYSIS OF THE CORPORATION

The following table summarizes the changes in net position between December 31, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Current Assets	\$ 291,839	\$ 496,735
Non-Current Assets	<u>90,240</u>	<u>143,246</u>
Total Assets	<u>382,079</u>	<u>639,981</u>
Current Liabilities	4,598	19,609
Long Term Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>4,598</u>	<u>19,609</u>
Unrestricted	<u>377,481</u>	<u>620,372</u>
Total Net Position	<u>\$ 377,481</u>	<u>\$ 620,372</u>

The main reason for the decrease in net position was the \$200,000 program development payment made to the Sullivan Catskills Regional Food Hub, Inc.

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2023

The following table summarizes the changes in operating activity between fiscal years 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Administrative Fees	\$ 5,000	\$ 200
Interest on Notes Receivable	<u>4,558</u>	<u>6,477</u>
 Total Operating Revenues	 <u>9,558</u>	 <u>6,677</u>
 Advertising and Marketing	 12,524	 25,028
Program Development	200,000	-
Administration Fees	10,000	20,000
Consulting Services	25,402	14,450
Other Administrative Expenses	<u>4,675</u>	<u>7,396</u>
 Total Operating Expenses	 <u>252,601</u>	 <u>66,874</u>
 Operating Income (Loss)	 (243,043)	 (60,197)
 Non-Operating Revenues/(Expenses)		
 Interest Income	 152	 182
Gain on Sale of Property	-	285,950
Transfer to County of Sullivan	<u>-</u>	<u>(599,184)</u>
 Change in Net Position	 <u>\$ (242,891)</u>	 <u>\$ (373,249)</u>

**OPERATIONS AND ACCOMPLISHMENTS**

During 2023, the Board of Directors of the Sullivan County Funding Corporation (Corporation) met ten times. On March 13, the Board met to review the Corporation’s policies, mission statement, and performance measurements. On March 30, the Board accepted the 2022 Certified Financial Audit and discussed the 2022 Public Authorities Reporting Information System (PARIS) reports and board self-evaluation forms. On October 16, the Board approved the Corporation’s 2024 Budget and Financial Plan. In addition to meetings of the full Board of Directors, the Governance Committee met on December 11 to conduct its annual business.

During 2023 the Corporation continued to administer bonds issued in prior years, to finance projects for the benefit of The Center for Discovery, Inc. (TCFD) and Sullivan County Community College Dormitory Corporation. During 2023 the Corporation authorized the amendment of the 2017 TCFD Bonds to transition the benchmark for determining the bond interest rate from the London Interbank Offered Rate to the Secured Overnight Financing Rate.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Year Ending December 31, 2023

During 2023 the Corporation continued to administer five revolving loans through its Millennium Revolving Loan Fund Program.

In January 2023 the Corporation authorized a Contract for Community and Economic Development Services with Sullivan Catskills Regional Food Hub, Inc (SCRFH). SCRFH will work to develop a farm-to-school program and an employer based community supported agriculture program, and collaborate with A Single Bite, an existing not-for-profit organization that focuses on feeding families and educating students about healthy food choices.

In December 2023 the Corporation and the County of Sullivan (County) authorized the assignment of the County's revolving loans and loan funds to the Corporation.

#### CAPITAL ASSETS

The Corporation had no capital assets as of December 31, 2023 or 2022.

#### DEBT

The Corporation had no debt as of December 31, 2023 or 2022.

#### CONTACTING THE CORPORATION'S MANAGEMENT

If you have any questions about this report or need additional information, contact Jennifer Flad, Executive Director, Sullivan County Funding Corporation, at 548 Broadway Monticello, NY 12701.



SULLIVAN COUNTY FUNDING CORPORATION  
STATEMENTS OF NET POSITION  
DECEMBER 31,

ASSETS	<u>2023</u>	<u>2022</u>
Current Assets		
Cash and Cash Equivalents	\$ 241,836	\$ 430,752
Accounts Receivable	159	526
Prepaid Expenses	3,348	19,556
Notes Receivable- Current	<u>46,496</u>	<u>45,901</u>
 Total Current Assets	 <u>291,839</u>	 <u>496,735</u>
 Non-Current Assets:		
Notes Receivable	<u>90,240</u>	<u>143,246</u>
 Total Non-Current Assets	 <u>90,240</u>	 <u>143,246</u>
 TOTAL ASSETS	 <u>382,079</u>	 <u>639,981</u>
 LIABILITIES		
Current Liabilities		
Accounts Payable	-	19,609
Due To Related Party	<u>4,598</u>	<u>-</u>
 Total Current Liabilities	 <u>4,598</u>	 <u>19,609</u>
 TOTAL LIABILITIES	 <u>4,598</u>	 <u>19,609</u>
 NET POSITION		
Unrestricted	<u>377,481</u>	<u>620,372</u>
 TOTAL NET POSITION	 <u>\$ 377,481</u>	 <u>\$ 620,372</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN COUNTY FUNDING CORPORATION  
STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION  
YEARS ENDED DECEMBER 31,

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Administrative Fees	\$ 5,000	\$ 200
Interest on Notes Receivable	<u>4,558</u>	<u>6,477</u>
Total Operating Revenues	<u>9,558</u>	<u>6,677</u>
OPERATING EXPENSES		
Advertising and Marketing	12,524	25,028
Program Development	200,000	-
Administrative Fees	10,000	20,000
Bank Charges	-	20
Consulting Services	25,402	14,450
Insurance	4,645	7,212
Miscellaneous Expenses	30	49
Repairs and Maintenance	<u>-</u>	<u>115</u>
Total Operating Expenses	<u>252,601</u>	<u>66,874</u>
NET OPERATING INCOME (LOSS)	<u>(243,043)</u>	<u>(60,197)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	152	182
Gain on Sale of Property (Note 5)	-	285,950
Transfer to County of Sullivan (Note 5)	<u>-</u>	<u>(599,184)</u>
Net Non-Operating Revenues (Expenses)	<u>152</u>	<u>(313,052)</u>
CHANGE IN NET POSITION	(242,891)	(373,249)
NET POSITION- Beginning of the Year (Restated)	<u>620,372</u>	<u>993,621</u>
NET POSITION- End of the Year	<u>\$ 377,481</u>	<u>\$ 620,372</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN COUNTY FUNDING CORPORATION  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31,

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Providing Services and Loan Payments	\$ 62,337	\$ 82,305
Payments to Contractors	(241,405)	(53,571)
Payments to Related Parties	<u>(10,000)</u>	<u>(20,000)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(189,068)</u>	<u>8,734</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest Income	152	182
Proceeds from Sale of Property	-	625,000
Transfer to County of Sullivan	<u>-</u>	<u>(599,184)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>152</u>	<u>25,998</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(188,916)	34,732
CASH AND CASH EQUIVALENTS- Beginning of the Year	<u>430,752</u>	<u>396,020</u>
CASH AND CASH EQUIVALENTS- End of the Year	<u>\$ 241,836</u>	<u>\$ 430,752</u>
Reconciliation of operating revenue (loss) to net cash provided (used) by operating activities:		
Operating Income (Loss)	\$ (243,043)	\$ (60,197)
Changes in Assets and Liabilities		
(Increase) Decrease in Operating Assets:		
Notes Receivable	52,411	76,154
Accounts Receivable	367	(526)
Prepaid Expenses	16,208	(7,056)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(19,609)	359
Due To Related Liabilities	<u>4,598</u>	<u>-</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (189,068)</u>	<u>\$ 8,734</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN COUNTY FUNDING CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Financial Reporting Entity**

The Sullivan County Funding Corporation (the “Corporation”) was established on November 24, 2010 under Section 1411 of the Not For Profit Corporation Law, which covers local development corporations. The purpose of the Corporation is to foster the creation, retention and expansion of jobs and economic opportunities within Sullivan County. The Corporation’s main revenue sources are administrative fees paid by entities seeking assistance and interest income generated by loans issued to local businesses.

The Corporation was established to relieve and reduce unemployment, promote and provide for additional maximum employment, improve and maintain job opportunities, and lessen the burden of government and act in the public interest by undertaking and promoting economic development initiatives in Sullivan County, New York.

The Corporation is a component unit of the County of Sullivan, New York. The County Manager appoints the board members of the Corporation. The financial activities of the Corporation are combined with the financial activities of the County of Sullivan and other component units, which constitutes the entire reporting entity for the County of Sullivan.

**Basis of Accounting**

The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government’s accounting policies are described below.

The Corporation follows the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when incurred. Fixed assets and long-term liabilities related to these activities are recorded within the financial statements.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**Operating Revenues and Expenses**

In the statement of revenues, expenses and changes in fund net position, operating revenues and expenses include all activity that is part of the Corporation’s normal operating activities. Interest

SULLIVAN COUNTY FUNDING CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

earned on cash balances, depreciation and unusual or infrequent items are included as non-operating activities.

**Cash and Equivalents**

For the statement of cash flows, the Corporation considers all highly liquid investments as cash.

**New Accounting Standards**

The Corporation has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2023 the Corporation implemented the following new standards:

GASB 93 – *Replacement of Interbank Offered Rates*, effective for the year ending December 31, 2022, except for the removal of LIBOR as an appropriate benchmark interest rate, which is effective for the year ending December 31, 2023.

GASB 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

GASB 96 – *Subscription-Based Information Technology Arrangements*

GASB 99 – *Omnibus 2022*, effective for the year ending December 31, 2023 except for the portion related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53, which is effective for the year ending December 31, 2024.

**Future Accounting Standards**

The Governmental Accounting Standards Board (GASB) has issued the following standards that will become effective in future fiscal years:

GASB 99 – *Omnibus 2022*, effective for the year ending December 31, 2023 except for the portion related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53, which is effective for the year ending December 31, 2024.

GASB 100 – *Accounting Changes and Error Corrections – an amendment of GASB 62*, effective for year ending December 31, 2024

GASB 101 – *Compensated Absences*, effective for the year ending December 31, 2024

SULLIVAN COUNTY FUNDING CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Corporation will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

**Equity Classifications**

In the financial statements there are three classes of net position:

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

Restricted – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted – reports all other net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the Agency.

Order of Use of Net Position:

When an expense is incurred for which both restricted and unrestricted resources are available, the Board will assess the current financial condition of the Corporation and then determine which classification of net position will be applied.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources, which represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Corporation reported no deferred outflows or inflows of resources as of December 31, 2023 and 2022.

SULLIVAN COUNTY FUNDING CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 2 – CONDUIT DEBT - REVENUE BONDS

Certain revenue bonds arranged by the Corporation are not obligations of the Corporation. The Corporation does not record the assets or liabilities resulting from completed bond issues in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond holders, and funds arising therefrom are controlled by trustees or banks acting as fiscal agents. For providing this service, the Corporation receives bond administration fees that are negotiated on a project by project basis.

No commitments beyond the collateral, payments from the not-for-profit entities, and maintenance of the tax exempt status of the debt obligations were extended by the Corporation. The Corporation does not act as a guarantor in the event collateralized properties and revenues as specified in the applicable financing agreements are insufficient to meet the debt service requirements.

Conduit debt activity for the year ended December 31, 2023 was as follows:

<u>Project Name</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>January 1, 2023</u>	<u>Issued</u>	<u>Redeemed</u>	<u>December 31, 2023</u>
The Center For Discovery, Inc.	2022	2037	Various	\$ 28,769,500	\$ -	\$ 2,560,000	\$ 26,209,500
The Center For Discovery, Inc.	2017	2042	Various	22,932,500	-	810,000	22,122,500
Sullivan County Community College Dormitory Corporation	2014	2039	4.30%	6,037,978	-	179,000	5,858,978
Sullivan County Community College Dormitory Corporation	2014	2024	5.34%	<u>193,382</u>	<u>-</u>	<u>59,000</u>	<u>134,382</u>
				<u>\$ 57,933,360</u>	<u>\$ -</u>	<u>\$ 3,608,000</u>	<u>\$ 54,325,360</u>

NOTE 3 – CASH AND INVESTMENTS

The Corporation has its own written investment policy. Corporation monies may be deposited in FDIC-insured commercial banks in the form of demand deposits or certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, and obligations of New York State. Repurchase agreements must be purchased from banks located within New York State and the underlying securities must be obligations of the United States of America or guaranteed by agencies of the United States of America.

Collateral is required for demand deposits and certificates of deposit on all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral include obligations of the United States of America and its agencies and obligations of New York State and its municipalities and school districts.

SULLIVAN COUNTY FUNDING CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 3 – CASH AND INVESTMENTS (Continued)

The Corporation’s aggregate bank balances were all covered by depository insurance at year end.

NOTE 4 – NOTES RECEIVABLE

Notes receivable consist of amounts due from various business entities within Sullivan County. The purpose of these notes is to help local businesses expand and develop. A schedule of notes receivable at December 31, 2023 and 2022 is as follows:

<u>Borrower</u>	<u>Original Loan</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>BALANCE</u>	
					<u>2023</u>	<u>2022</u>
Van Smokey Holding, LLC	75,000	2019	2028	4.00%	\$ 44,950	\$ 52,449
BWW Brewers, Inc.	75,000	2019	2026	4.00%	24,107	37,500
Western Catskills Truck Co. 49 Main St. LLC	62,350 40,000	2019 2017	2027 2027	4.00% 3.00%	29,509 14,000	40,883 18,000
The Janice Center	75,000	2017	2025	4.00%	<u>24,170</u>	<u>40,315</u>
Total Notes Receivable					136,736	189,147
Less: Current Portion					<u>(46,496)</u>	<u>(45,901)</u>
Long Term Portion					<u>\$ 90,240</u>	<u>\$ 143,246</u>

NOTE 5 – RELATED PARTIES

County of Sullivan Industrial Development Agency

The County of Sullivan Industrial Development Agency (the “Agency”), a component unit of the County of Sullivan, provides administrative services to the Corporation. For the years ended December 31, 2023 and 2022, the Corporation paid \$10,000 and \$20,000, respectively, to the Agency for bookkeeping and administrative costs. There was no outstanding balance owed to the Agency related to administrative services as of December 31, 2023 and 2022.

Additionally, the Agency pays insurance premiums during the year of which the Corporation reimburses them for its portion of the coverage. There was an outstanding balance of \$4,598 and \$0 owed to the Agency related to insurance premiums as of December 31, 2023 and 2022.



SULLIVAN COUNTY FUNDING CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 5 – RELATED PARTIES (Continued)

County of Sullivan

The Corporation is a component unit of the County of Sullivan, New York (the “County”). During the year ended December 31, 2021, the County transferred a parcel of land, valued at \$319,800, to the Corporation. During the year ended December 31, 2022, the Corporation sold the land for \$625,000 and recognized a gain on the sale of \$285,950. The Corporation then transferred 99% of the net proceeds, totaling \$599,184, back to the County. There were no outstanding balances between the two entities as of December 31, 2023 and 2022.

NOTE 6 – EVENTS OCCURRING AFTER REPORTING DATE

The Sullivan County Funding Corporation has evaluated events and transactions that occurred between December 31, 2023 and March 4, 2024, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE – RESTATED BALANCES

The beginning balance of net position for the year ended December 31, 2022 has been increased \$12,500 to account for the prepaid portion of an existing contract. The restatement has the following effect on the financial statements for the year ended December 31, 2022:

Prepaid Expenses increased by \$12,500  
Ending Net Position increased by \$12,500  
There was no effect on revenues or expenses

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the Board of the Sullivan County  
Funding Corporation  
Monticello, New York 12701

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Sullivan County Funding Corporation, a component unit of the County of Sullivan, New York, as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements, which collectively comprise the Sullivan County Funding Corporation's financial statements and have issued our report thereon dated March 4, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Sullivan County Funding Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sullivan County Funding Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sullivan County Funding Corporation's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Sullivan County Funding Corporation, New York's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Cooper Arias, LLP*

Mongaup Valley, New York  
March 4, 2024